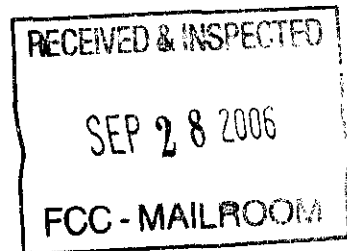




**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260



September 27, 2006

JIM SULLIVAN, PRESIDENT

JAN COOK, ASSOCIATE COMMISSIONER

GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**DOCKET FILE COPY ORIGINAL**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
9300 East Hampton Drive  
Capitol Heights, Maryland 20743

Re: CC Docket No. 96-45 - U.S.F. Certification of Alabama's ETC's including all  
Rural and Non-Rural Carriers

Dear Ms. Dortch:

Pursuant to the requirements of 47 C.F.R. §54.313, the Alabama Public Service Commission (the "APSC") hereby certifies to the Federal Communications Commission (the "Commission") that all federal high-cost universal service funds flowing to Alabama Non-Rural local exchange carriers BellSouth Telecommunications, Inc. (BellSouth) and CenturyTel of Alabama, L.L.C. ("CenturyTel") for the year commencing January 1, 2007, and ending December 31, 2007, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. As required by §254(e), BellSouth and CenturyTel will only utilize the federal high-cost support for which they are eligible in the year 2007 for the provision, maintenance and upgrading of facilities and services for which that support is intended.

The APSC also certifies that pursuant to the requirements of 47 C.F.R. §54.314, all of the federal universal service funding flowing to Alabama's Rural Carriers<sup>1</sup> for the year commencing January 1, 2007, and ending December 31, 2007, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. As required by §254(e), Alabama's Rural Carriers will only utilize the federal support for which they are eligible in the year 2007 for the provision, maintenance and upgrading of facilities and services for which that support is intended.

The APSC also certifies that Alabama's non-incumbent LEC wireline Eligible Telecommunications Carriers, Hayneville Fiber Transport, Inc., d/b/a Camellia Communications ("Camellia"); Budget Phone, Inc. ("Budget"); Nexus Communications, Inc., d/b/a TSI Nexus, Inc. ("TSI Nexus"); 1-800 Reconnex, Inc., d/b/a USTel ("USTel"); and Midwestern Telecommunications, Inc. ("Midwestern") (collectively "Alabama's non-incumbent LEC ETCs") will utilize all federal high cost universal service funding they receive in the year 2007 in a manner consistent with the provisions of § 254(e). More particularly, Alabama's non-incumbent LEC ETCs will only utilize the federal support they receive in 2007 for the maintenance and upgrading of facilities and services for which such support is intended. Given the foregoing findings, the APSC also certifies herein that TSI Nexus, USTel and Midwestern, which were only recently approved as ETCs in Alabama for the

<sup>1</sup> Alabama's Rural Carriers herein certified are: ALLTEL Alabama, Inc. (250302); Ardmore Telephone Company, Inc. (254000); Blountsville Telephone Company, Inc. (250282); Brindlee Mountain Telephone Company (250283); Butler Telephone Company, Inc. (250284); Castleberry Telephone Company, Inc. (250285); Farmers Telephone Cooperative, Inc. (250290); Frontier Communications of Alabama, Inc. (250306); Frontier Communications of Lamar County, Inc. (250301); Frontier Communications of the South, Inc. (250318); Graceba Telephone Company, Inc. (250295); GTC, Inc., d/b/a GT Com (250294); Gulf Telephone Company, Inc. (250298); Hayneville Telephone Company, Inc. (250299); Hopper Telecommunications, Inc. (250300); Interstate Telephone Company, Inc. (250371); Millry Telephone Company, Inc. (250304); Mon-Cre Telephone Cooperative, Inc. (250305); Moundville Telephone Company, Inc. (250307); National Telephone Company, Inc. (250286); New Hope Telephone Cooperative, Inc. (250308); Oakman Telephone Company (250311); Otelco Telephone, LLC (250312); Peoples Telephone Company (250314); Pine Belt Telephone Company, Inc. (250315); Ragland Telephone Company, Inc. (250316); Roanoke Telephone Company, Inc. (250317); Union Springs Telephone Company, Inc. (250322); and Valley Telephone Company, Inc. (250324).

Q. C. Copies only  
List A CODE

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
September 27, 2006  
Page Two

territory served by BellSouth, are eligible to receive high cost universal service funding for the remainder of 2006. Copies of the APSC Orders certifying TSI Nexus, USTel and Midwestern as ETCs are enclosed.

The APSC additionally certifies pursuant to 47 C.F.R. §54.316 that the rural residential rates of Alabama's non-rural Incumbent Local Exchange Carriers BellSouth and CenturyTel are reasonably comparable to urban rates nationwide. The APSC's conclusion in this regard is premised on the fact that BellSouth and CenturyTel's rural residential rates in Alabama are well below the established nationwide urban rate benchmark of \$34.16 as of July 1, 2006.

The representations and certifications herein provided are largely the product of informal proceedings conducted before the APSC in Docket 25980. A copy of the APSC's Order approving and certifying the proposals of BellSouth, CenturyTel, Alabama's Rural Carriers, and Alabama's non-incumbent LEC ETCs regarding their intended utilization of the federal high-cost universal service support for which they are eligible in the year 2007 is enclosed herein.

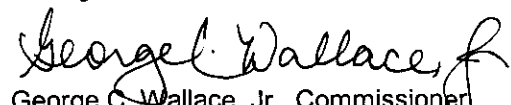
The APSC thanks the Commission for its diligence and cooperation in this matter. Please be advised that a copy of this notice is simultaneously being forwarded to the Universal Service Administrative Company. Please date stamp the extra copy of this filing and return it to the APSC in the enclosed, stamped, self-addressed envelope.

Sincerely,

ALABAMA PUBLIC SERVICE COMMISSION

  
Jim Sullivan, President

  
Jan Cook, Commissioner

  
George C. Wallace, Jr., Commissioner

JS/JC/GCWjr:eml

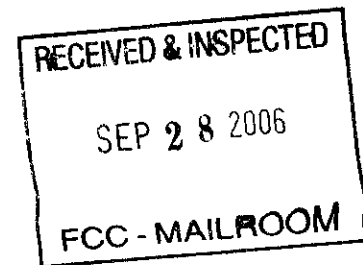
Enclosures

By FedEx Priority Overnight

c: Ms. Karen Majcher, Vice President  
High Cost and Low Income Division  
Universal Service Administrative Company  
2000 L Street N.W., Suite 200  
Washington, D.C. 20036



**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260



JIM SULLIVAN, PRESIDENT  
JAN COOK, ASSOCIATE COMMISSIONER  
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**IN RE: IMPLEMENTATION OF THE  
UNIVERSAL SERVICE REQUIREMENTS  
OF SECTION 254 OF THE  
TELECOMMUNICATIONS ACT OF 1996.**

**DOCKET 25980**

**(CERTIFICATION OF CARRIERS  
RECEIVING FEDERAL UNIVERSAL  
SERVICE SUPPORT FOR 2007)**

**FURTHER REPORT AND ORDER**

**BY THE COMMISSION:**

**I. Introduction and Background**

By Order entered in this cause on September 28, 2005, all Eligible Telecommunications Carriers ("ETCs") in Alabama as designated by this Commission were ordered to file their proposals for the utilization of all federal high-cost universal support for which they will be eligible in the year 2007. The established deadline for the submission of said proposals was May 5, 2006. The September 28, 2006 Order afforded interested parties the latitude to submit comments in response to those filings no later than May 26, 2006, with any reply comments due on or before June 16, 2006.

By filing of May 5, 2006, BellSouth Telecommunications, Inc. ("BellSouth") submitted its proposal for the utilization of the federal high-cost universal service support for which it will be eligible in the year 2007. CenturyTel of Alabama, LLC ("CenturyTel") submitted its proposal for the expenditure of the 2007 federal high-cost universal service support it anticipates receiving on June 8, 2006. On various dates in April and May 2006, the Rural Carriers (the "Rural LECs") identified individually in Appendix "A" hereto submitted certifications regarding their proposed

DOCKET 25980 - #2

expenditure of the federal high-cost universal service support they anticipate receiving in 2007 as did the remaining ETCs in Alabama.

**II. The 2007 Plan of BellSouth**

BellSouth premised its May 5, 2006, proposal for the expenditure of 2007 universal service monies on the assumption that it would receive federal high-cost universal service support approximating \$27.4 million for the year 2007. BellSouth indicated that its proposal for 2007 reflected an expenditure of \$24.6 million for network improvements with the remaining \$2.8 million being applied to fund the annual value of the access charge reduction ordered in the Commission's March 24, 2000, Order in this cause. The Commission did not receive any comments in opposition to BellSouth's filing.

BellSouth's proposal for the year 2007 is attached hereto as Appendix "B". A summary of the major elements of BellSouth's filing are set forth below:

- Loop Infrastructure Improvements: 2007 - \$24.1 million
  - Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2007 - \$23.7 Million
  - Provide Service to High Cost Areas: 2007 - \$.4 million
- Provide Diverse Facilities and Self-Healing Interoffice Diversity: 2007 - \$.5 million

The Commission staff reviewed the 2007 expenditure plan submitted by BellSouth and found that the federal high-cost universal service expenditures proposed therein by BellSouth should be certified as compliant with §254(e) of the Telecommunications Act of 1996.<sup>1</sup> Staff recommended, however, that the Commission specify that the \$400,000 set aside by BellSouth to serve high cost applicants must be made available for the provision of basic local exchange

---

<sup>1</sup> Pub. L. No. 104-104, 110 Stat. 56 codified at 47 U.S.C. §151 *et seq.* (hereinafter the "Act"). Cites to sections of

*DOCKET 25980 - #3*

telecommunications service to end users who have made application for service but have been unable to obtain service due to economic inefficiency and/or prohibitive aid to construction amounts ("unserved customers").<sup>2</sup> The staff also recommended that BellSouth utilize a portion of the \$400,000 set aside for high cost applicants to advertise the availability of such funds in at least one newspaper of general circulation in each wire center in BellSouth's service territory at least once annually.

The staff recommended further that the \$400,000 of federal high-cost universal service funding set aside for high cost applicants be made available to provide basic local exchange service to such unserved customers as discussed above at primary dwellings only, up to an initial maximum of \$25,000 per applicant. The staff noted that construction projects with a cost of \$25,000 or less per applicant should be funded first. The staff further recommended that any funds from the Commission approved allocation remaining after application of the preceding guidelines be prioritized for the provision of basic service as follows:

- (a) The authorized rate per applicant will be increased from \$25,000 in \$5,000 increments.
- (b) With each \$5,000 increment, those projects that qualify under the revised guidelines will be prioritized for funding.
- (c) The process shall be repeated by increasing the rate per applicant by \$5,000 increments up to a maximum rate per applicant of \$40,000 until the entire \$400,000 is expended or all such projects that fit the criteria are completed (whichever comes first).
- (d) In the event that all eligible applications are in progress by October 1, 2007, any of the \$400,000 set aside for such eligible projects that is not needed to complete the eligible applications in progress shall be expended by BellSouth on the deployment of loop fiber and next generation digital loop carrier to

---

the Act are accordingly cites to 47 U.S.C.

<sup>2</sup> We note that the applicants in question need not be served by wire centers designated as "high cost" in order to be eligible for the support in question.

DOCKET 25980 - #4

implement CSA Design. BellSouth should accordingly endeavor to complete all pending, eligible applications on or before October 1, 2007.

For any projects involving the provision of basic local exchange telecommunications service to unserved customers wherein the costs of providing such service exceed the allocated resources described in the preceding paragraph, the staff recommended that the additional capital required to complete the project in question be the responsibility of the applicant for service. Applicants for service shall be afforded the opportunity to make a contribution in aid to construction, and the amounts due from such applicants must be received by BellSouth prior to the company's commencement of the construction project in question. The staff further recommended that no federal high-cost universal service funds be expended for the payment of nonrecurring tariffed charges for the initiation of service to the affected customers or tariffed recurring charges for the continued provision of such service.

The staff further recommended that BellSouth be required to provide a list of its held service applications along with the reports BellSouth is already required to file within thirty (30) days of the close of each calendar quarter. Said reports shall detail the status of each held service application.

The staff also recommended that BellSouth be required to meet with the staff within thirty (30) days of the close of the first quarter of 2007 for purposes of discussing the company's 2007 capital budgets with respect to USF wire centers. The staff feels that such meetings will provide a more detailed overview of BellSouth's USF initiatives for 2007 and their status.

The staff lastly recommended that BellSouth's certification to receive and expend 2007 federal high cost funds be made contingent on BellSouth's provision of information to the staff that is necessary for the Commission to fulfill the revised ETC reporting requirements that were

strongly suggested by the Federal Communications Commission (the "FCC").<sup>3</sup> In particular, the FCC strongly encouraged state commissions to require all ETCs subject to their jurisdiction to submit and implement five-year service quality improvement plans, detailed information on outages in their networks caused by emergencies and reports on the number of requests for service from potential customers that go unfulfilled.<sup>4</sup> In keeping with the foregoing FCC guidelines, the staff recommended that BellSouth be required to submit, no later than December 4, 2006, the information requested by the staff as delineated in Appendix "E" attached hereto.

### **III. The CenturyTel Proposal for 2007**

In its filing of June 8, 2006, CenturyTel indicated that it anticipated the receipt of \$6,015,151 in federal universal service high-cost funds in 2007 above and beyond the \$7,749,629 embedded in CenturyTel's existing rate structure in Alabama. No party filed comments in opposition to CenturyTel's proposal for 2007 which is attached hereto as Appendix "C". A summary of the major elements of CenturyTel's filing are set forth below:

- Replace Air Core Cable: 2007 - \$350,000
- Enhance Network Reliability: 2007 - \$550,000  
(Placement of diverse fiber routes, addition of permanent generators, replacement of CO power equipment and replacement of obsolete remotes)
- High-Cost Applicants: 2007 - \$400,000
- Loop Infrastructure Improvement: 2007 - \$2,200,000
- Hurricane Katrina Restoration in Bayou La Batre and Dauphin Island areas: 2007 - \$2,515,151

---

<sup>3</sup> *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45 (rel. March 17, 2005) (the "ETC Order").

<sup>4</sup> *Id.* at ¶¶ 4 and 71.

The Commission staff determined from its review of CenturyTel's June 8, 2006, filing that CenturyTel's proposals for the expenditure of federal high-cost universal service support for 2007 should be approved with the stipulation that CenturyTel must utilize a portion of the total of \$400,000 set aside for high cost applicants to advertise the availability of such funds in at least one newspaper of general circulation in each wire center in CenturyTel's service territory at least once annually.

The staff further noted that high-cost applicants should be defined as end users who have applied for service but have been unable to attain such service due to economic inefficiency and/or prohibitive aid to construction amounts ("unserved customers").<sup>5</sup> The staff recommended further that funds set aside for high cost applicants be made available to provide basic local exchange service to unserved customers for primary dwellings only up to an initial maximum of \$25,000 per applicant.

The staff also recommended that high-cost applicant construction projects with a cost of \$25,000 or less per applicant should be funded first. The staff noted that any funds from the Commission approved allocation for high-cost applicants remaining after adherence to the preceding guidelines should be prioritized for the provision of basic local service as follows:

- (a) The authorized rate per applicant will be increased from \$25,000 in \$5,000 increments.
- (b) With each \$5,000 increment, those projects that qualify under the revised guidelines will be prioritized for funding.
- (c) The process shall be repeated by increasing the rate per applicant by \$5,000 increments up to a maximum rate per applicant of \$40,000 until the entire \$400,000 is expended or all such projects that fit the criteria are completed (whichever comes first).

---

<sup>5</sup> We note that the applicants in question need not be served by wire centers designated as "high-cost" in order to be eligible for the support in question.



DOCKET 25980 - #7

- (d) In the event that all eligible applications are in progress by October 1, 2007, any of the \$400,000 set aside for such eligible projects that is not needed to complete the eligible applications in progress shall be expended by CenturyTel on the service improvement projects discussed above. CenturyTel should accordingly endeavor to complete all pending eligible high-cost applications on or before October 1, 2007.

For any projects involving the provision of basic local exchange telecommunications service to unserved customers wherein the costs exceed the allocated resources described above, the staff concluded that the additional capital required to complete the project in question shall be the responsibility of the applicant for service. Such applicants for service shall be afforded the opportunity to make a contribution in aid to construction, and the amounts due from such applicants must be received by CenturyTel prior to the company's commencement of the construction project in question. The staff recommended that no federal high-cost universal service funds be expended for the payment of nonrecurring tariffed charges for the initiation of service to the affected customers or tariffed recurring charges for the continued provision of such service.

The staff also recommended that CenturyTel be required to submit within thirty (30) days of the effective date of this Order a current list of all CenturyTel customers who have made application for basic local service but have been unable to receive it due to economic inefficiency and/or prohibitive aid to construction amounts. The staff further recommended that CenturyTel be required to submit, within thirty (30) days of the close of each calendar quarter, a report delineating the status of each project approved herein and the level of funding expended on such projects. The staff suggested that CenturyTel include with those quarterly reports a list of CenturyTel's held service applications. The staff recommended that the status of each such application be reflected in the report submitted by CenturyTel.

The staff recommended further that CenturyTel be required to meet with staff within thirty (30) days of the close of the first quarter of 2007 for purposes of discussing CenturyTel's 2007 capital budget with respect to USF wire centers. The staff feels that such meetings will provide a more detailed overview of CenturyTel's USF initiatives for 2007 and their status.

The staff lastly recommended that CenturyTel's certification to receive and expend 2007 federal high cost funds be made contingent of CenturyTel's provision of information to the staff that is necessary for the Commission to fulfill the revised ETC reporting requirements that were strongly suggested by the Federal Communications Commission in its *ETC Order*. As discussed previously herein, the FCC's *ETC Order* strongly encouraged state commissions to require all ETCs subject to their jurisdiction to submit and implement five-year service quality improvement plans, detailed information on outages in each ETC's network caused by emergencies and reports on the number of requests for service from potential customers that have gone unfulfilled. In keeping with those FCC guidelines, the staff recommended that CenturyTel be required to submit, no later than December 4, 2006, the information requested by the staff which is set forth in Appendix "E" attached hereto.

#### **IV. The Filings of the Rural Carriers**

With regard to the Rural Carriers listed in Appendix "A" hereto, the Commission previously determined in the Order entered in this cause on December 20, 2001 that the Commission could best meet its universal service monitoring and certification obligations for each Rural LEC "cost company" by requiring such companies to file with the Commission by January 15 of each year a copy of their supporting annual interstate cost separation studies, their annual USF-High-Cost loop support filings and, their estimated USF-local switching support filings that are made with the National Exchange Carriers Association ("NECA"). With

DOCKET 25980 - #9

respect to the Rural LECs that are "average schedule" companies, the Commission required such companies to file for review by January 15 of each year a copy of NECA's proposed annual USF-High-Cost loop support and USF-local switching support amounts.

The certifications submitted by the Rural LECs listed in Appendix "A" hereto throughout April and May of 2006 and attached hereto as Appendix "D" reflect that each of those Rural LECs will in 2007 continue to utilize the high-cost universal service funding they receive in a manner compliant with the requirements of §254 of the Telecommunications Act of 1996. The Commission will continue to verify the certifications of the aforementioned Rural LECs through the filings they make with the Commission each year. The staff did, however, recommend that the Rural LECs be required to meet with staff from the Commission's Telecommunications and Legal Divisions prior to the close of the first quarter of 2007 for purposes of developing reporting guidelines that will allow the Commission to obtain the expanded reporting information which the FCC strongly encouraged state Commissions to obtain from all ETCs subject to state jurisdiction in the *ETC Order*.

**V. The High Cost Expenditures of the Remaining ETCs**

The remaining Alabama ETCs which include Hayneville Fiber Transport, Inc., d/b/a Camellia Communications, Inc. ("Camellia"); Budget Phone, Inc. ("Budget"); Nexus Communications, Inc., d/b/a TSI Nexus, Inc. ("TSI Nexus"); 1-800 Reconnex, Inc., d/b/a U.S. Tel ("USTel"); and Midwestern Telecommunications, Inc. ("Midwestern") all represented upon being certified as ETCs in Alabama that they would expend all federal high cost funding received in a manner consistent with the requirements of §254(e) of the Act. The Commission's investigation of the aforementioned ETCs indicates that those entities have and will continue to expend any and all federal high cost funding received in a manner consistent with §254(e). The

staff did, however, recommended that Camellia, Budget, TSI Nexus, USTel and Midwestern be required to meet with staff from the Commission's Telecommunications and Legal Divisions prior to the close of the first quarter of 2007 for purposes of developing reporting requirements that will allow the Commission to obtain the revised reporting information which the FCC strongly encouraged state commissions to obtain from all ETCs subject to state jurisdiction in the *ETC Order*.

**VI. Discussion and Conclusions**

We hereby adopt each of the recommendations of staff set forth herein and approve consistent therewith, the proposals submitted in this cause by BellSouth, CenturyTel and Alabama's Rural Carriers governing their expenditure of federal high-cost universal service support during the year 2007. We will certify to the FCC that those plans are compliant with the provisions of §254(e) of the Act.

We specifically note, however, that our approval herein is contingent upon the staff's continued monitoring of the implementation of the aforementioned plans. The Commission specifically reserves the right to conduct any proceedings that may be necessary to determine if the funding under review should be redirected to other qualifying projects as required by the Commission.

We further note that the \$.0025 terminating switched access charge reduction approved in our Order of March 24, 2000, in this cause is hereby carried forward for 2007. BellSouth is accordingly authorized to expend \$2.8 million of the federal high-cost universal support it is scheduled to receive in 2007 to support that continued reduction. We further find that in the event that intrastate switched access charges in Alabama are reduced in the context of the Commission's local competition proceedings in Joint Dockets 24499, 24472, 24030 and 23865

*DOCKET 25980 - #11*

or Docket 28590 prior to the end of 2007, BellSouth will be allowed to reallocate to its infrastructure construction budgets approved herein all funds required to implement the \$.0025 terminating switched access charge reduction which is carried forward by this Order. We find such a result to be consistent with the public interest, convenience and necessity.

Pursuant to 47 C.F.R. § 54.316, we further certify herein that the residential rates in rural areas of Alabama served by Alabama's non-rural incumbent LECs BellSouth and CenturyTel are reasonably comparable to urban rates nationwide. The Commission's certification in this regard is based on the fact that the residential rates of BellSouth and CenturyTel in all rural areas of Alabama served by BellSouth and CenturyTel were well below the current nationwide urban rate benchmark of \$34.16 as of July 1, 2006.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That the May 5, 2006 proposal of BellSouth Telecommunications, Inc. attached hereto as Appendix "B" and delineating the company's intended utilization of the federal high-cost universal service support for which it is eligible during the year 2007 is hereby approved as stipulated herein and certified as compliant with the provisions of § 254(e) of the Telecommunications Act of 1996. The approval granted herein is, however, contingent on BellSouth Telecommunications, Inc.'s compliance with all provisions of this order including the timely submission of the information requested in Appendix "E" hereto.

IT IS FURTHER ORDERED BY THE COMMISSION, That the June 8, 2006, proposal of CenturyTel of Alabama, LLC attached hereto as Appendix "C" and delineating the company's intended utilization of the forward-looking federal high-cost universal service support for which it is eligible during 2007 is hereby approved as stipulated herein and certified as compliant with the provisions of § 254(e) of the Telecommunications Act of 1996. The approval granted herein

---

DOCKET 25980 - #12

is, however, contingent on CenturyTel of Alabama, LLC's compliance with all provisions of this order including the timely submission of the information requested in Appendix "E" hereto.

IT IS FURTHER ORDERED BY THE COMMISSION, That pursuant to 47 C.F.R. § 54.316, the rural residential rates of Alabama's non-rural incumbent local exchange carriers BellSouth Telecommunications, Inc. and CenturyTel of Alabama, LLC in all rural areas of Alabama served by such carriers are reasonably comparable to urban rates nationwide.

IT IS FURTHER ORDERED BY THE COMMISSION, That the proposals/statements of Alabama's Rural Carriers collectively attached hereto as Appendix "D" are hereby approved and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That the anticipated expenditures of all federal high cost support received by Hayneville Fiber Transport, Inc., d/b/a Camellia Communications, Budget Phone, Inc., Nexus Communications, Inc., d/b/a TSI Nexus, Inc., 1-800 Reconnex, Inc., d/b/a U.S. Tel and Midwestern Telecommunications, Inc. are hereby certified as compliant with the provisions of § 254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That the approval and certifications addressed herein shall be further contingent upon satisfactory results from the Commission's ongoing review of the project specific expenditures of BellSouth, CenturyTel, Alabama's Rural Carriers, and the remaining ETCs as designated by the Commission. The Commission specifically reserves the right to conduct whatever proceedings may be deemed necessary to determine that the universal service funding received by BellSouth, CenturyTel, Alabama's Rural Carriers, and all remaining ETCs in Alabama should be redirected by the Commission to other qualifying projects. To that end, BellSouth and CenturyTel shall submit to the Commission within thirty (30) days of the close of each calendar quarter, a report

DOCKET 25980 - #13

delineating the status of each project approved herein and the level of funding expended on said projects. Said reports shall include a listing of each of the local service applications held by each company and their status. The Rural LECs shall continue to comply with the reporting requirements established in the Commission's December 20, 2001 Order entered in this cause unless and/or until otherwise directed by the Commission.

IT IS FURTHER ORDERED BY THE COMMISSION, That BellSouth, CenturyTel, Alabama's Rural Carriers, and all other ETCs in Alabama as designated by the Commission shall file their proposals for the utilization of the federal high-cost universal service support for which they are eligible in the year 2008 no later than May 4, 2007. Interested parties may submit comments in response to the foregoing filings no later than May 25, 2007. Reply comments will be considered by the Commission if received on or before June 15, 2007.

IT IS FURTHER ORDERED BY THE COMMISSION, That jurisdiction in this cause is hereby retained for the issuance of any further order or orders as may appear to be just and reasonable in the premises.

IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

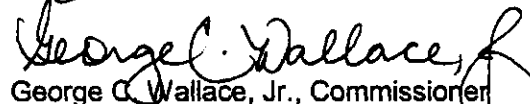
---

DONE at Montgomery, Alabama, this 27<sup>th</sup> day of September, 2006.


ALABAMA PUBLIC SERVICE COMMISSION

  
Jim Sullivan, President

  
Jan Cook, Commissioner

  
George C. Wallace, Jr., Commissioner

ATTEST: A True Copy

  
Walter L. Thomas, Jr., Secretary



**APPENDIX "A"**

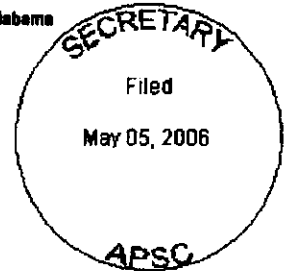
ALLTEL Alabama, Inc. (250302)  
Ardmore Telephone Company, Inc. (254000)  
Blountsville Telephone Company, Inc. (250282)  
Brindlee Mountain Telephone Company (250283)  
Butler Telephone Company, Inc. (250284)  
Castleberry Telephone Company, Inc. (250285)  
Farmers Telephone Cooperative, Inc. (250290)  
Frontier Communications of Alabama, Inc. (250306)  
Frontier Communications of Lamar County, Inc. (250301)  
Frontier Communications of the South, Inc. (250318)  
Graceba Telephone Company, Inc. (250295)  
GTC, Inc., d/b/a GT Com (250294)  
Gulf Telephone Company, Inc. (250298)  
Hayneville Telephone Company, Inc. (250299)  
Hopper Telecommunications, Inc. (250300)  
Interstate Telephone Company, Inc. (250371)  
Millry Telephone Company, Inc. (250304)  
Mon-Cre Telephone Cooperative, Inc. (250305)  
Moundville Telephone Company, Inc. (250307)  
National Telephone Company, Inc. (250286)  
New Hope Telephone Cooperative, Inc. (250308)  
Oakman Telephone Company (250311)  
Otelco Telephone, LLC (250312)  
Peoples Telephone Company (250314)  
Pine Belt Telephone Company, Inc. (250315)  
Ragland Telephone Company, Inc. (250316)  
Roanoke Telephone Company, Inc. (250317)  
Union Springs Telephone Company, Inc. (250322)  
Valley Telephone Company, Inc. (250324)

---

DOCKET 25980  
APPENDIX "B"

BellSouth Telecommunications, Inc.  
Alabama Legal Department  
Suite 28A2  
800 North 10th Street  
Birmingham, AL 35203  
  
francis.semmes@bellsouth.com

Francis B. Semmes  
General Counsel - Alabama  
  
205 714 0556  
Fax 205 321 3447



May 5, 2006

Mr. Walter Thomas, Secretary  
Alabama Public Service Commission  
RSA Union Building, Suite 850  
100 N. Union Street  
Montgomery, AL 36104

**Re: Implementation of Universal Service Requirements of Section 254 of the  
Telecommunications Act of 1996 - Docket No. 25980**

Dear Mr. Thomas:

Enclosed for electronic filing today and pursuant to Commission Order dated September 27, 2000, attached are the original and one (1) copy of BellSouth's proposal for the utilization of the federal high-cost universal service support for the year 2007. We anticipate that the support level will be equal to the estimated \$27.4 million allocated for year 2006. The proposal reflects \$24.6 million for network improvements, with the remaining \$2.8 million used to fund the annual value of the access charge reduction made on July 1, 2000.

The original and one (1) paper copy will be forwarded to the Commission today via overnight mail. Please distribute as needed and thank you for your attention to this matter.

Sincerely,

Francis B. Semmes

FBS/mhs  
Attachment

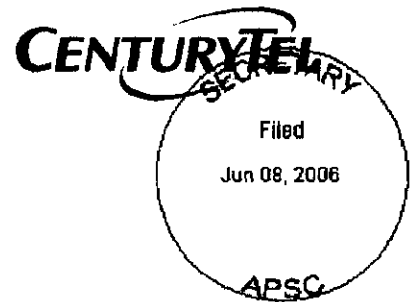
cc: Honorable John Garner, Acting Chief ALJ  
Mr. Larry Smith, Acting Director  
Parties of Record

632920

DOCKET 25980  
APPENDIX "C"

June 9, 2006

Mr. Walter Thomas, Jr., Secretary  
Alabama Public Service Commission  
Post Office Box 304260  
Montgomery, Alabama 36130-4260



Docket 25980—Implementation of the Universal Service Requirements of Section 254 of the Telecommunications Act of 1996 (Certificate of Carriers Receiving Federal Universal Service Support)

Dear Mr. Thomas:

Enclosed is CenturyTel of Alabama, LLC's (CTL) revised filing of its 2006 Universal Service Plan. CTL is requesting that we be allowed to change the allocation of funding between the network reliability category and DSL deployment. CTL proposes to spend \$550,000 in Network Reliability and \$2,200,000 in DSL Deployment. This revision will not change the total 2006 USF dollar amount (\$6,015,151) contained in our March 13, 2006 revised filing that was approved by the Commission. CTL will continue to address Network Reliability through our business-as-usual capital budget, so the reduction proposed in this revised plan will not negatively impact customer service or our on-going plans to upgrade the network in our normal course of business.

Also enclosed are CTL's proposed 2007 USF plan and our proposed five year plan. The 2007 plan is based on the same amounts as our revised 2006 plan (\$7,749,629 – embedded, \$6,015,151 – new), since we will not have actual 2007 amounts until first quarter 2007. We will file a revised plan once we have the actual amounts. Our proposed five year plan is based on our view at this point in time, and is subject to change as the environment changes.

If you should have any questions regarding this filing, I can be reached at (334) 263-6285.

Sincerely,

*Christi Corseno*

*for*

William C. Hanchey, Jr.  
Director—Government Relations

# **PROPOSED 2006 USF - CENTURYTEL OF ALABAMA**

Revision #2

Submitted 6-1-06

Replacement of air core and paper insulated cable. Location to be determined based on OSP Troubles.

**350,000**

## **HIGH COST APPLICANTS**

Provides assistance to customers that require excessive construction to provide primary service.

**400,000**

Enhancing network reliability by placing diverse fiber routes, adding permanent generators, replacing CO power equipment, and replacing selected obsolete remotes.

**550,000**

Deploy DSL to additional rural offices and remotes across Alabama.

**2,200,000**

Restoration of the damage facilities caused by Hurricane Katrina in the Bayou La Batre and Dauphin Island areas. This includes replacement of Bayou La Batre Central Office and OSP facilities of west end of Dauphin Island.

**2,515,151**

**TOTAL 2006 USF - ALABAMA**

**6,015,151**

# **PROPOSED 2007 USF - CENTURYTEL OF ALABAMA**

*Submitted 6-1-06*

Replacement of air core and paper insulated cable. Location to be determined based on OSP Troubles.

**350,000**

## **HIGH COST APPLICANTS**

Provides assistance to customers that require excessive construction to provide primary service.

**400,000**

Enhancing network reliability by placing diverse fiber routes, adding permanent generators, replacing CO power equipment, and replacing selected obsolete remotes.

**1,765,000**

Continue to deploy DSL to additional rural offices and remotes across Alabama.

**2,000,000**

Deployment of ethernet technology to our transport and distribution networks to provide advanced services to schools, hospitals, state agencies, etc.

**1,500,000**

**TOTAL 2007 USF - ALABAMA**

**6,015,000**

ALLTEL COMMUNICATIONS

One Allied Drive  
P.O. Box 2177 (72203-2177)  
Little Rock, AR 72202

DOCKET 25980  
APPENDIX "D"

**ALLTEL**

April 28, 2006



**VIA OVERNIGHT MAIL**


The Honorable Walter Thomas  
Alabama Public Service Commission  
RSA Union Building  
100 North Union Street  
Montgomery, AL 36104

**RE: APSC Certification of Eligibility to Receive High Cost Support  
Pursuant to 47 C.F.R. §54.314; APSC Docket 25980.**

Dear Mr. Thomas:

Please find attached the certificate of ALLTEL Alabama, Inc. (the "Company"), in conjunction with the Commission's annual certification that the Company is eligible to continue to receive federal high cost support for high-cost universal service support. Also enclosed are ten copies of this filing. If any additional information is required, please contact me at (501) 905-5692.

Very truly yours,

  
Betty Willis

Enclosure

REG MAIL

## CERTIFICATION

In its December 20, 2001 and September 28, 2005 Orders in APSC Docket 25980, this Commission determined that it could best meet its monitoring and certification obligations by requiring the "rural LEC Cost Companies" to file with the Commission a copy of their supporting annual interstate cost separation study, annual USF-HCLS filing and estimated USF-LSS filing for review and each of the "rural LEC Average Schedule Companies" to file with the Commission a copy of NECA's proposed annual USF-HCLS and USF-LSS amounts for review. Pursuant to the Order, the Company has previously provided the Commission with a copy of its most recent annual interstate cost separation study, annual 2006 USF-HCLS, and estimated 2006 USF-LSS filings.

The Company further certifies that it will only use the federal high-cost support it receives during 2006-2007 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 9-1-1 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2007. Any questions regarding this submission or the underlying documentation previously submitted to the Commission should be directed to Bettye Willis at (501) 905-5692.

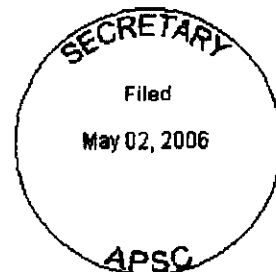
Respectfully Submitted,

By: Michael D. Phoebe  
Title: Senior Vice President - Govt Affairs  
Date: April 27, 2006



A Telecommunications Company

May 2, 2006



**VIA HAND DELIVERY**

The Honorable Walter Thomas  
Alabama Public Service Commission  
RSA Union Building  
100 North Union Street  
Montgomery, AL 36104

**RE: APSC Certification of Eligibility to Receive High Cost Support  
Pursuant to 47 C.F.R. §54.314; APSC Docket 25980.**

Dear Mr. Thomas:

Please find attached the certificate of Ardmore Telephone Company, Inc. (the "Company") in conjunction with the Commission's annual certification that the Company is eligible to continue to receive federal high cost support for high-cost universal service support for electronic filing. The original and one copy will be delivered to the Commission. If any additional information is required, please contact Terry Wales at (256) 423-2131.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Terry M. Wales", with a long, sweeping horizontal line extending to the right.

Terry M. Wales  
General Manager

Enclosure





A Telecommunications Company

## CERTIFICATION

In its December 20, 2001 and September 28, 2005 Orders in APSC Docket 25980, this Commission determined that it could best meet its monitoring and certification obligations by requiring the "rural LEC Cost Companies" to file with the Commission a copy of their supporting annual interstate cost separation study, annual USF-HCLS filing and estimated USF-LSS filing for review and each of the "rural LEC Average Schedule Companies" to file with the Commission a copy of NECA's proposed annual USF-HCLS and USF-LSS amounts for review. Pursuant to the Order, the Company has previously provided the Commission with a copy of its most recent annual interstate cost separation study, annual 2006 USF-HCLS, and estimated 2006 USF-LSS filings.

The Company further certifies that it will only use the federal high-cost support it receives during 2006-2007 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 9-1-1 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2007. Any questions regarding this submission or the underlying documentation previously submitted to the Commission should be directed to Bettye Willis at (501) 905-5692.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read "Terry M. Wales", is written over the printed name.

By: Terry Wales

Title: General Manager

Date: 5-2-06